
Financial statements of Advanced Education Savings Plan

Years ended March 31, 2021 and 2020

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Management's Responsibility for Financial Reporting

The accompanying audited financial statements of the Advanced Education Savings Plan (the "Plan") have been prepared by management and approved by the Board of Directors of the Global Educational Trust Foundation (the "Foundation") and Global Growth Assets Inc. ("GGAI"). Management is responsible for the information and representations contained in these financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. GGAI, which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced.

The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Plan, are described in Note 2 to the financial statements.

Deloitte LLP is the external auditor of the Plan. It has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the Planholders of the Plan its opinion on the financial statements.



Alex Manickaraj
Chief Executive Officer

June 24, 2021
Toronto, Ontario

Independent Auditor's Report

To the Planholders of the
Advanced Education Savings Plan

Opinion

We have audited the financial statements of the Advanced Education Savings Plan (the "Plan"), which comprise the statements of financial position as at March 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to subscribers and beneficiaries and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 28, 2021

Advanced Education Savings Plan
Statements of financial position
As at March 31, 2021 and 2020

	Notes	2021 \$	2020 \$
Assets			
Cash and cash equivalents		1,345,660	658,964
Investments – at fair value	7	4,374,781	4,151,410
Due from the Legacy Education Savings Plan	4	68,695	417,692
Due from the Fund Manager – Global Growth Assets Inc.	4	6,894	3,595
Receivable for securities sold		–	167,934
Grants receivable		22,770	36,343
Interest receivable		25,086	25,010
		5,843,886	5,460,948
Liabilities			
Accounts payable		2,966	7,985
Payable for securities purchased		–	151,346
Net assets attributable to subscribers and beneficiaries		5,840,920	5,301,617
Net assets attributable to subscribers and beneficiaries represented by			
Subscriber contributions	5	4,114,043	3,690,809
Accumulated government grants		1,240,927	1,138,385
Unrealized (depreciation) appreciation of investments		(33,826)	156,922
Accumulated and undistributed investment income and realized gains on investments		519,776	315,501
		5,840,920	5,301,617

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Directors of Global Educational Trust Foundation and Global Growth Assets Inc.

N. Ali

Nazreen Ali
Director

Amin

Fareed Amin
Director

M. Sharma

Mandeep Sharma
Director

Advanced Education Savings Plan
Statements of comprehensive income
Year ended March 31, 2021 and 2020

	Notes	2021 \$	2020 \$
Revenue			
Interest income for educational assistance payments		131,966	103,756
Realized gains (losses) on disposal of investments		95,529	59,487
Change in unrealized (depreciation) appreciation on investments		(190,748)	37,609
		36,747	200,852
Expenses			
Administration fees		131,304	103,017
Other charges		3,300	4,165
Audit costs		56,224	63,533
Absorption of Plan's expenses	4	(190,828)	(170,715)
		—	—
Increase in net assets attributable to subscribers and beneficiaries from operations		36,747	200,852

Statements of changes in net assets attributable to subscribers and beneficiaries
Year ended March 31, 2021 and 2020

	Notes	2021 \$	2020 \$
Net assets attributable to subscribers and beneficiaries, beginning of year		5,301,617	3,973,795
Increase in net assets attributable to subscribers and beneficiaries from operations		36,747	200,852
Increase in net assets attributable to subscribers and beneficiaries			
Subscriber contributions received net of fees	5	720,109	1,059,258
Government grants received	2		
Canada Education Savings Grants (CESG)		138,198	225,576
Canada Learning Bond (CLB)		15,900	52,200
Quebec Education Savings Incentive (QESI)		452	352
British Columbia Training and Education Savings Grant (BCTESG)		1,200	(1,200)
Saskatchewan Advantage Grant for Education Savings (SAGES)		—	—
Income on grants, net transferred		(18,724)	(4,664)
Income on subscriber contributions, net transferred		(4,496)	(1,145)
Decrease in net assets attributable to subscribers and beneficiaries			
Refund of subscriber contributions		(296,875)	(176,014)
Educational assistance payments			
Government grants		(53,208)	(27,393)
		539,303	1,327,822
Net assets attributable to subscribers and beneficiaries, end of year		5,840,920	5,301,617

The accompanying notes are an integral part of the financial statements.

Advanced Education Savings Plan

Statements of cash flows

Year ended March 31, 2021 and 2020

	Notes	2021 \$	2020 \$
Operating activities			
Increase in net assets attributable to subscribers and beneficiaries from operations		36,747	200,852
Adjustment for			
Net realized gains on disposal of investments		(95,529)	(59,487)
Change in unrealized depreciation (appreciation) on investments		190,748	(37,609)
Decrease (Increase) in receivable from Legacy Education Savings Plan		348,997	(258,911)
Increase in due from Global Growth Assets Inc.		(3,299)	(1,053)
Decrease (Increase) in Grant Receivable		13,573	(15,909)
Increase in interest receivable		(76)	(3,501)
Increase (decrease) in Accounts Payable		(5,019)	7,985
(Decrease) Increase in payable for securities purchased		(151,346)	151,346
Increase (decrease) in receivable for securities sold		167,934	(167,934)
Purchase of investments		(4,455,846)	(2,734,086)
Proceeds from sale & maturity of investments		4,137,256	1,903,302
		184,140	(1,015,005)
Financing activities			
Subscriber contributions received, net of fees	5	720,109	1,059,258
Refund of subscriber contributions	5	(296,875)	(176,014)
Government grants received, net		102,542	250,735
Income on grants received		(18,724)	(4,664)
Income on subscriber contributions received		(4,496)	(1,145)
		502,556	1,128,170
Increase in cash and cash equivalents		686,696	113,165
Cash and cash equivalents, beginning of year		658,964	545,799
Cash and cash equivalents, end of year		1,345,660	658,964
Supplemental cash flow information			
Interest received		131,890	100,255

The accompanying notes are an integral part of the financial statements.

Advanced Education Savings Plan**Schedule of investments portfolio**

Year ended March 31, 2021

	Par value	Cost	Fair value
	\$	\$	\$
Subscriber's contribution invested			
Government Securities - (11.28%)			
Canada Housing Trust 1.900% September 15, 2026	80,000	84,999	82,372
Canada Housing Trust 2.550% December 15,2023	186,000	189,696	195,897
Government of Canada 2.750% December 1,2048	315,000	410,405	366,937
		<u>685,100</u>	<u>645,206</u>
Provincial Securities - (25.05%)			
Province of Ontario 2.800% June 2, 2048	270,000	294,614	269,816
Province of Ontario 5.600% June 2,2035	185,000	242,611	252,773
Province of Ontario 6.500% March 8,2029	360,000	485,120	478,411
Province of Quebec 2.300% September 1,2029	100,000	101,164	102,544
Province of Quebec 3.750% September 1,2024	300,000	330,747	329,262
		<u>1,454,256</u>	<u>1,432,806</u>
Financial Institution Securities - (12.18%)			
Bank of Montreal 3.190% March 1,2028	25,000	24,832	27,003
Bank of Nova Scotia 3.100% February 2,2028	25,000	24,641	26,856
Canadian Imperial Bank of Commerce 3.300% May 26,2025	50,000	51,727	53,974
CPPIB Capital Inc. 1.950% September 30,2029	400,000	398,484	398,888
Fortified Trust 2.558% March 23,2024	20,000	20,000	20,913
Great-West Lifeco Inc. 6.670% March 21,2033	20,000	25,739	26,655
HSBC Bank Canada 3.245% September 15,2023	25,000	24,952	26,375
Manulife Bank of Canada 2.844% January 12,2023	25,000	24,686	25,929
Royal Bank of Canada 2.333% December 5,2023	25,000	24,155	25,968
Toronto-Dominion Bank 3.226% July 24,2024	50,000	51,554	53,564
Wells Fargo & Company 3.184% February 8,2024	10,000	10,679	10,571
		<u>681,449</u>	<u>696,696</u>
Corporate Securities - (8.91%)			
407 International Inc. 3.600% May 21,2047	25,000	24,097	26,055
Altalink LP 3.399% June 6,2024	25,000	25,488	26,739
Apple Inc. 2.513% August 19,2024	20,000	19,318	20,967
Bell Canada 3.800% August 21,2028	25,000	24,516	27,223
Canadian National Railway 3.950% September 22,2045	25,000	25,665	27,357
Canadian Natural Resources 3.550% June 3,2024	15,000	16,117	15,945
CU Inc. 4.801% November 22,2021	25,000	26,397	25,678
Enbridge Gas Inc. 3.510% November 29,2047	25,000	23,403	25,722
Enbridge Pipelines Inc. 4.130% August 9,2046	5,000	4,679	5,052
Greater Toronto Airports 2.750% October 17,2039	30,000	29,959	28,031
Honda Canada Finance Inc. 2.500% June 4,2024	45,000	47,387	46,845
Husky Energy Inc. 3.550% March 12,2025	15,000	14,735	15,713
John Deere Canada FND Inc. 2.700% January 17,2023	15,000	14,775	15,564
Mcdonald's Corporation 3.125% March 4,2025	15,000	14,660	15,977
NAV Canada 3.293% March 30,2048	25,000	24,194	25,354
Pepsico Inc. 2.150% May 6,2024	25,000	23,782	25,791
Rogers Communications Inc. 3.650% March 31,2027	20,000	22,340	21,453
Suncor Energy Inc. 3.100% May 24,2029	20,000	19,952	20,591
Telus Corporation 3.750% March 10,2026	10,000	9,968	10,877
The Walt Disney Company 2.758% October 7, 2024	20,000	19,583	21,055
Toronto Hydro Corporation 3.540% November 18,2021	25,000	25,540	25,470
Toyota Credit Canada Inc. 2.700% January 25,2023	25,000	24,518	25,884
Transcanada Pipelines 3.000% September 18,2029	10,000	9,971	10,233
		<u>491,044</u>	<u>509,576</u>
Exchange Traded Funds - (3.01%)			
BMO S&P 500 Index ETF	1,040	53,588	56,888
iShares Core MSCI Dividend	347	7,869	8,241
iShares Core S&P/TSX Capped	2,897	81,200	86,070
Ishares MSCI Edge Multifactor	635	19,505	21,215
		<u>162,162</u>	<u>172,414</u>
Total Subscriber contributions invested		<u>3,474,011</u>	<u>3,456,698</u>

Advanced Education Savings Plan
Schedule of investments portfolio (continued)
Year ended March 31, 2021

	Par value \$	Cost \$	Fair value \$
Government Grants invested			
Government Securities - (2.88%)			
Canada Housing Trust 1.900% September 15,2026	35,000	37,187	36,038
Canada Housing Trust 2.550% December 15,2023	17,000	17,333	17,904
Government of Canada 2.750% December 1,2048	95,000	124,304	110,664
		<u>178,824</u>	<u>164,606</u>
Provincial Securities - (6.68%)			
Province of Ontario 2.800% June 2,2048	75,000	81,923	74,949
Province of Ontario 5.600% June 2,2035	50,000	65,571	68,317
Province of Ontario 6.500% March 8,2029	95,000	127,827	126,247
Province of Quebec 2.300% September 1,2029	30,000	30,349	30,763
Province of Quebec 3.750% September 1,2024	75,000	82,687	82,316
		<u>388,357</u>	<u>382,592</u>
Financial Institution Securities - (3.44%)			
Bank of Montreal 3.190% March 1,2028	10,000	9,993	10,801
Bank of Nova Scotia 3.100% February 2,2028	10,000	9,908	10,742
Canadian Imperial Bank of Commerce 3.300% May 26,2025	10,000	10,345	10,795
CPPIB Capital Inc. 1.950% September 30,2029	100,000	99,621	99,722
Fortified Trust 2.558% March 23,2024	10,000	10,000	10,456
Great-West Lifeco Inc. 6.670% March 21,2033	5,000	6,435	6,664
HSBC Bank Canada 3.245% September 15,2023	10,000	10,013	10,550
Manulife Bank of Canada 2.844% January 12,2023	5,000	4,937	5,186
Royal Bank of Canada 2.333% December 5,2023	10,000	9,711	10,387
Toronto-Dominion Bank 3.226% July 24,2024	15,000	15,583	16,069
Wells Fargo & Company 3.184% February 8,2024	5,000	5,340	5,285
		<u>191,886</u>	<u>196,657</u>
Corporate Securities - (2.10%)			
407 International Inc. 3.600% May 21,2047	5,000	4,819	5,211
Altalink LP 3.399% June 6,2024	5,000	5,098	5,348
Apple Inc. 2.513% August 19,2024	5,000	4,830	5,242
Bell Canada 3.800% August 21,2028	5,000	4,903	5,445
Canadian National Railway 3.950% September 22,2045	5,000	5,133	5,471
Canadian Natural Resources 3.550% June 3,2024	5,000	5,372	5,315
CU Inc. 4.801% November 22,2021	5,000	5,279	5,136
Enbridge Gas Inc. 3.510% November 29,2047	5,000	4,681	5,144
Greater Toronto Airports 2.750% October 17,2039	5,000	4,993	4,672
Honda Canada Finance Inc. 2.500% June 4,2024	10,000	10,530	10,410
Husky Energy Inc. 3.550% March 12,2025	5,000	4,912	5,238
John Deere Canada FND Inc. 2.700% January 17,2023	5,000	4,925	5,188
Mcdonald's Corporation 3.125% March 4,2025	5,000	4,887	5,326
NAV Canada 3.293% March 30,2048	5,000	4,839	5,071
Pepsico Inc. 2.150% May 6,2024	5,000	4,756	5,158
Rogers Communications Inc. 3.650% March 31,2027	5,000	5,585	5,363
Suncor Energy Inc. 3.100% May 24,2029	5,000	4,988	5,148
Telus Corporation 3.750% March 10,2026	5,000	4,984	5,439
The Walt Disney Company 2.758% October 7, 2024	5,000	4,896	5,264
Toronto Hydro Corporation 3.540% November 18,2021	5,000	5,108	5,094
Toyota Credit Canada Inc. 2.700% January 25,2023	5,000	4,904	5,177
Transcanada Pipelines 3.000% September 18,2029	5,000	4,985	5,114
		<u>115,407</u>	<u>119,974</u>

Advanced Education Savings Plan
Schedule of investments portfolio (continued)
Year ended March 31, 2021

	Par value	Cost	Fair value
	\$	\$	\$
Exchange Traded Funds - (0.95%)			
BMO S&P 500 Index ETF	328	16,902	17,942
iShares Core MSCI Dividend	108	2,446	2,565
iShares Core S&P/TSX Capped	911	25,534	27,066
Ishares MSCI Edge Multifactor	200	6,140	6,682
		<u>51,022</u>	<u>54,255</u>
Total Government Grants invested		<u>925,496</u>	<u>918,087</u>
Total Subscriber contributions and Government Grants invested - (76.48%)		4,399,507	4,374,781
Cash - 8.11%		464,177	464,177
Cash Equivalent - 15.41%		887,746	881,483
Total Investment Portfolio		<u>5,751,430</u>	<u>5,720,441</u>

Advanced Education Savings Plan

Notes to the financial statements

March 31, 2021 and 2020

1. Organization and general

Advanced Education Savings Plan (the "Plan") was established on January 27, 2016. Global Educational Trust Foundation (the "Foundation") is the sponsor of the Plan. The Foundation is a not-for-profit organization, incorporated without share capital, under the laws of Canada. The Foundation retained Global Growth Assets Inc. ("GGAI") as administrator and Investment Fund Manager of the Plan. The Plan's registered place of business is 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3.

The Plan provides post-secondary education financial assistance to beneficiaries named in the Educational Assistance Payment ("EAP") Contracts. The Foundation and GGAI are under common management and control.

The Foundation has had a specimen copy of the EAP Contract approved by the Canada Revenue Agency ("CRA") such that subscribers' EAP Contracts may be submitted to CRA on the subscriber's behalf by the Foundation for registration as Registered Education Savings Plans ("RESP"). A subscriber's plan is an education savings plan and not a RESP until the applicable conditions of the Income Tax Act (Canada) (the "ITA") are met and registered.

Subscribers to the Plan enter into EAP Contracts with the Foundation. Under an EAP Contract, the subscriber purchases units in the Plan. The subscriber authorizes the Foundation to deduct fees, as outlined in the prospectus, for the purpose of providing services to the Plan. At maturity, payments are made to the beneficiary after meeting the conditions as set out in the EAP Contract.

The financial statements of the Plan were authorized for issuance by the Board of Directors of the Foundation and GGAI on June 24, 2021.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared on a going concern and historical cost basis, except for certain financial assets and liabilities which have been presented at fair value at the end of each reporting period as described below.

Financial instruments

a) Recognition, measurement and classification

The Plan classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Plan also manages these financial assets with the objective of realizing cash flows through sales. The Plan has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at fair value through profit or loss ("FVTPL").

Financial assets and liabilities are recognized when the Plan becomes a party to the contractual provisions of the instruments and are initially measured at fair value with transaction costs recorded immediately through profit or loss. Investments are recorded on a trade date basis.

Advanced Education Savings Plan

Notes to the financial statements

March 31, 2021 and 2020

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

a) Recognition, measurement and classification (continued)

Gains or losses due to the revaluation are recorded in net earnings for the period in which they arise. Financial assets classified as "amortized cost" and financial liabilities classified as "other liabilities" are measured at their amortized cost using the effective interest method.

The fair value of fixed income securities that are not publicly traded is measured using the bid price from multiple dealers, or by the present value of contractual cash flows, discounted at current market rates. Interest accrued at the reporting date is included in Interest receivable on the Statements of Financial Position. The fair value of securities that are publicly traded in an active market is measured using bid prices at the reporting date.

b) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the Statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. No amounts have been offset in the statements of financial position.

c) Impairment of financial assets

The financial assets and liabilities measured at amortized cost include: cash; due from the Legacy Education Savings Plan and the Fund Manager; grants receivable; interest receivable; accounts payable; and due to Administrator.

At each reporting date, the Plan measures the loss allowance on: due from the Legacy Education Savings Plan; grants receivable; and interest receivable, at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Plan measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Plan has determined that the expected credit loss allowances are not material.

d) Cash and cash equivalents

Cash and cash equivalents consist of investments in money market securities and Government of Canada treasury bills maturing within ninety days from the date of purchase. These investments are carried at FVTPL.

e) Investment transactions and income recognition

The interest for educational assistance payments shown on the Statements of Comprehensive Income represents the coupon interest received by the Plan accounted for on an accrual basis, by reference to the principal outstanding and the nominal interest rate applicable. The Plan does not amortize premiums paid or discounts received on the purchase of fixed income securities.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

e) Investment transactions and income recognition (continued)

Realized gains (losses) on disposal of investments and Change in unrealized appreciation (depreciation) on investments are calculated with reference to the average cost of the related investments and are recognized in the Statements of Comprehensive Income in the period when such gains (losses) occur. The Change in unrealized appreciation (depreciation) on investments is accumulated as part of the Net assets Attributable to Subscribers and Beneficiaries but is not included in the payments to beneficiaries until such gains (losses) are realized on the disposal of investments.

f) Income taxes

The Plan is exempt from income taxes under Section 146.1 of the ITA.

Net assets attributable to subscribers and beneficiaries

The Net Assets Attributable to Subscribers and Beneficiaries are a financial liability resulting from a unique contract and the Plan details the composition of this liability as a note to the financial statements, according to its use (whether for subscriber contributions, EAP account, government grants).

g) Subscriber contributions

Subscribers' contributions reflect all amounts received from the subscribers and do not include any amounts receivable on subscribed units, as subscribers may terminate their plan at any time. As the contributions are due on demand, the amounts are recorded at face value in net assets attributable to subscribers and beneficiaries. The Foundation deducts sales charges, account maintenance fees, special services fees, where applicable, and insurance premiums where applicable from contributions made by subscribers in accordance with the terms of the prospectus. Refer to Note 5 for further details.

h) Government grants

The Federal government encourages saving for post-secondary education by providing Canada Education Savings Grants ("CESG") on RESP contributions made subsequent to 1997 for children under 18 years of age. The maximum basic CESG per child is 20% of RESP contributions of up to \$2,500 (prior to 2007, it was based on \$2,000) made on behalf of each beneficiary in a year. Effective in 2004, additional CESG can be added based on up to the first \$500 of RESP yearly contributions at a rate of 10% or 20% when there is eligibility based on family net income. The maximum lifetime CESG is \$7,200; prior to 2007, it was \$7,000. Upon maturity of an EAP Contract and fulfillment of certain criteria established by the Federal government, the CESG contributions and accumulated investment income thereon will be added to EAPs made to qualified students.

Each child born on or after January 1, 2004 will be eligible for a Canada Learning Bond ("CLB") in each year that child's family is entitled to the National Child Benefit ("NCB") supplement, up to and including the year in which the child turns 15 years of age. CLB is \$500 in the first year of entitlement and \$100 in each subsequent year that the child remains eligible for NCB supplement until the year the child turns 15 years of age. Maximum CLB payments per child total up to \$2,000.

2. Summary of significant accounting policies (continued)

h) Government grants (continued)

On March 26, 2015, the Alberta Government announced the closure of the Alberta Centennial Education Savings (“ACES”) Plan Grant program and the last day to apply for the grant was July 31, 2015. For residents of Alberta, the program provided an initial ACES grant of \$500, which was paid into an RESP for every child born in Alberta on or after January 1, 2005. Additional grants of \$100 were paid into the RESPs of eligible beneficiaries when they turned 8, 11 and 14 in the year 2005 or later and (i) were attending school at that time; (ii) had a parent or guardian who was a resident of Alberta at the time of the application or at the time of the child’s particular birthday; and (iii) had met minimum contribution levels required by the Government of Alberta.

For residents of Quebec, the provincial government provides the Quebec Education Savings Incentive (“QESI”), which applies to contributions made on or after February 21, 2007 into the RESP, where a child named as a beneficiary is a resident of Quebec. The basic credit is 10% of the net annual contribution to a maximum of \$250 per eligible beneficiary. The total lifetime maximum is \$3,600 per eligible beneficiary. Families within Quebec’s annual income threshold may qualify up to 10% of the first \$500 in RESP contributions to a maximum of \$50 in QESI. Family income thresholds are indexed for inflation and will be revised annually by the Quebec Ministry of Revenue.

The Government of British Columbia has introduced the new British Columbia Training and Education Savings Grant (“BCTESG”) offered to each resident beneficiary born on or after January 1, 2007. After the beneficiary turns 6 years of age, the Province of British Columbia will deposit \$1,200 into the beneficiary’s RESP. To qualify for the BCTESG, a subscriber must open the RESP and complete an application for the BCTESG within the following timeframes: (i) prior to August 15, 2018 for children born in 2007 and 2008, (ii) prior to August 15, 2018 for children born between January 1, 2009 and August 15, 2009 or (iii) prior to the beneficiary’s ninth birthday for children born on or after August 16, 2009. The beneficiary and the custodial parent/legal guardian must be residents of British Columbia when applying for the BCTESG and the application must be made between the beneficiary’s 6th and 9th birthday. No matching or additional contributions are required.

Government grants received by the Plan with respect to a beneficiary are invested by the Plan and will ultimately be paid out to the beneficiary when the beneficiary becomes entitled to receive EAP. Under various circumstances, including the case where a plan is cancelled by the subscriber, the grant must be repaid.

3. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make certain critical accounting estimates and use judgement that affect the reported amounts of assets, liabilities, income and expenses during the year. Actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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3. Critical accounting estimates and judgements (continued)

The following discusses the most significant accounting judgements and estimates that the Plan has made in preparing the financial statements:

- a) Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Plan, management is required to make significant judgments regarding the instruments' characteristics. The most significant judgment rests with the designation of the investment portfolio as at FVTPL. The classification provides reliable and more relevant information about the effects of transactions, the financial position and the Plan's cash flows. This classification is in line with the Plan's strategy described in the continuous offering prospectus. The Plan's activity consists of investing in financial assets with a view to profiting from their total return in the form of interest and changes in fair value.

4. Related party transactions

- (a) In consideration for administrative services received, the Plan pays the Investment Fund Manager (GGAI) administration fees of 2.35% per annum of the Plan's assets. During the fiscal year, GGAI has absorbed all of the expenses of the Plan. Such absorption can be terminated by the Investment Fund Manager in any time without notice.
- (b) The Plan's assets include \$68,695 (\$417,692 in 2020) receivable from Legacy Education Savings Plan for subscriber contributions and grants not yet allocated to the Plan and \$6,894 (\$3,595 in 2020) receivable from GGAI for bank charges.
- (c) Special services fees paid from subscribers' contributions are remitted by the Foundation to GGAI. The fees principally relate to amounts charged for cheques returned and not honored.

5. Subscriber contributions

The changes in the subscriber contributions for the year ended March 31, 2021 and March 31, 2020 are as follows:

	2021	2020
	\$	\$
Balance, beginning year	3,690,809	2,807,565
Amount contributed by subscribers	759,542	1,082,941
Account maintenance fees	(23,256)	(13,932)
Insurance premiums	(1,703)	(1,595)
Special service fees	(14,474)	(8,156)
Refund of subscriber deposit	(296,875)	(176,014)
Balance, end of year	4,114,043	3,690,809

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6. Capital risk management

The Plan's capital consists of the components of the net assets attributable to subscribers and beneficiaries as per the Statements of Financial Position. The Plan has obligations to return subscriber contributions upon maturity or termination as well as pay EAPs of investment income, grants and income on grants. The Plan endeavors to invest subscriber contributions and government grants received in appropriate investments while maintaining sufficient liquidity to meet subscribers' obligations.

7. Fair value of financial instruments

Fair value measurements are classified in accordance within a fair value hierarchy (i.e. Level 1,2,3). Investments measured at fair value are classified in one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Valuation based on bid prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 -Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Plan's financial instruments measured at fair value classified using the fair value hierarchy:

	Level 1	Level 2	Level 3	2021
	\$	\$	\$	Total
				\$
Assets measured at fair value as of March 31, 2021				
Cash equivalents	—	881,483	—	881,483
Equity securities	226,669	—	—	226,669
Fixed income securities	—	4,148,112	—	4,148,112
	226,669	5,029,595	—	5,256,264
	Level 1	Level 2	Level 3	2020
	\$	\$	\$	Total
				\$
Assets measured at fair value as of March 31, 2020				
Cash equivalents	—	149,980	—	149,980
Equity securities	19,114	—	—	19,114
Fixed income securities	—	4,132,296	—	4,132,296
	19,114	4,282,276	—	4,301,390

8. Risk management

In the normal course of operations the Plan may be exposed to a variety of risks arising from financial instruments. The Plan's exposures to such risks are concentrated in its receivable balances and are related to liquidity risk.

The Plan's risk management process includes monitoring compliance with the Plan's investment policy as outlined in the Plan's prospectus. The Plan manages the effects of these financial risks to the Plan portfolio performance by retaining and overseeing professional external portfolio advisors. The portfolio advisors regularly monitor the Plan's positions, market events and manage the investment portfolio within the constraints of the investment policy.

a) *Liquidity risk*

Liquidity risk is the risk that the Plan may not be able to meet its obligations on time. In mitigation of these risks, the Plan retains sufficient cash on hand, or cash equivalents that can be readily convertible into cash.

b) *Market risk*

Market risk is the risk that changes in market prices could affect the Plan's income or the value of the investment holdings. The Plan's portfolio advisors attempt to mitigate this risk by periodically reviewing the market conditions and the performance of the portfolio and by making necessary changes to the portfolio in accordance with the Plan's investment objectives. Management has identified two main market risk factors: interest rate risk related to the fixed income portfolio and price risk related to the equity securities.

(i) *Interest rate risk*

Interest rate risk is the risk of a decrease in the Plan's yield on interest-bearing investments as a result of fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of fixed income securities. This risk is actively managed using duration, yield curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and short term investments due to their short-term nature.

The table below summarizes the Plan's exposure to interest rate risks by remaining term to maturity as at March 31, 2021 and March 31, 2020:

	2021	2020
	%	%
Less than 1 year	18.7	5.4
1-3 years	8.3	17.0
3-5 years	15.9	7.2
Greater than 5 years	57.1	70.4
	100.0	100.0

As at March 31, 2021, management estimates that if prevailing interest rates had increased or decreased by 1%, the total investment portfolio of debt instruments would increase or decrease by approximately \$368,600 (\$304,500 in 2020). This 1% change assumes a parallel shift in the yield curve along with all other variables held constant. In practice the actual trading results may differ materially.

8. Risk management (continued)

b) Market risk (continued)

(ii) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk. The asset class that is most impacted by other price risk are the equity investments in exchange traded funds ("ETFs") which represent 4.0% (0.4% in 2020) of the portfolio. The risk is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at March 31, 2021, if underlying indices prices had increased or decreased by 1% with all other variables held constant, the portfolio amount would have increased or decreased by approximately \$2,155 (\$191 in 2020). In practice, the actual trading results may differ materially.

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds ETFs listed on the Canadian marketplace with underlying exposure to US equities denominated in \$US, which represent 2.0% (March 2020 – 0.4%) of the Total Investment Plan. The fair value of the Total Investment Plan would increase or decrease by approximately \$1,137 (March 2020 – \$191) in response to a 1% depreciation or appreciation of the Canadian dollar currency exchange rate. In practice, the actual change may differ materially.

c) Credit risk

Credit risk refers to the ability of the issuer of debt securities to make interest payments and repay principal and sector risk relates to the exposure to changes in a particular industrial, commercial or service sector by virtue of concentration. The Plan's portfolio comprises bonds issued or guaranteed by federal and provincial governments along with Canadian financial institution and corporate debt instruments which constitute its most significant exposure to credit risk.

The debt securities are invested according to the standard investment restrictions and practices in National Policy 15 of the Canadian Securities Administrators. The Plan has a concentration of investments in Canadian Government and Provincial Government guaranteed bonds, which are considered by management to be high credit quality investments thereby moderating its credit risk. All of the Plan's assets are exposed to credit risk.

As at March 31, 2021 and March 31, 2020, the Plan's credit exposure to long term debt instruments is as follows:

	2021	2020
	%	%
Bond Ratings		
AAAH/AAA/AAH/AAL	84.4	81.4
AA/AH/A/AL	12.3	14.3
BBB/BBBH/BBBL	3.3	3.9
Unrated	0	0.4
	100	100

Dominion Bond Rating Service was the primary source for obtaining credit ratings.

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Notes to the financial statements

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9. Ontario Securities Commission

On March 10, 2020, GGAI, GRESP and Sam Bouji, sole shareholder of GGAI and GRESP, entered into a settlement agreement (referred to as the agreement, settlement agreement, or the Order) with the OSC, which, among other conditions, included the following:

- (i) GRESP shall commence the process to surrender its registration as a scholarship plan dealer and consented to the immediate suspension of its registration pending surrender and provided Staff with a signed consent to this effect;
- (ii) GGAI opened a bank account in its name, for the exclusive purpose of compensating the Underpaid Beneficiaries as described in the settlement agreement, to be held separate and apart from GGAI's own property and held by a Canadian financial institution in a designated trust account in trust for the Underpaid Beneficiaries (the Special Purpose Account); and
- (iii) Mr. Bouji paid in the amount of \$190,000 to the OSC on accounts of costs ordered in the agreement.

GGAI shall not act as investment fund manager for any investment fund other than GIF and the Global Plans (LESP and AESP). GGAI is also prohibited from distributing units in the Global Plans with certain exceptions as noted within the Order.

Until GRESP and GGAI complete all payments to the Special Purpose Account to the satisfaction of the OSC Manager, GGAI shall not, without the prior written consent of Staff:

- (i) Reduce its capital in any manner including by redemption, re-purchase or cancellation of any of its shares;
- (ii) Reduce or repay any indebtedness to any director, officer, partner, shareholder, related company, affiliate or associate, or any other indebtedness which has been subordinated; or
- (iii) Directly or indirectly, make any payments by way of loan, advance, bonus, dividend, repayment of capital or other distribution of assets to any director, officer, partner, shareholder, related company, affiliate or associate.

Subject to any applicable unclaimed property legislation, in the event that GGAI has used all reasonable efforts but has not been successful in locating one or more of the Underpaid Beneficiaries after five years from the date of the Order, the total amounts owing to such beneficiaries shall be donated to the charity Pathways to Education.

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Schedule 1 – Educational assistance payment agreements

Year ended March 31, 2021 and 2020

	Number of units outstanding \$	Principal plus accumulated income \$	Government grants plus accumulated income \$	Total \$
Year of eligibility				
2018	215	108,360	23,046	131,406
2019	218	85,712	17,239	102,951
2020	526	189,291	35,825	225,116
2021	768	386,254	78,701	464,955
2022	1,047	470,973	147,175	618,148
2023	1,005	382,170	105,813	487,983
2024	978	288,195	88,750	376,945
2025	1,307	348,086	106,867	454,953
2026	1,235	298,364	98,238	396,602
2027	1,155	221,199	72,465	293,664
2028	1,058	233,756	70,304	304,060
2029	1,149	213,510	70,868	284,378
2030	1,241	173,926	63,931	237,857
2031	889	131,812	50,793	182,605
2032	1,173	173,019	64,191	237,210
2033	1,729	255,151	93,191	348,342
2034	1,801	214,948	78,988	293,936
2035	1,784	179,376	68,027	247,403
2036	1,108	73,145	30,868	104,013
2037	856	42,395	17,054	59,449
March 31, 2021	21,242	4,469,642	1,382,334	5,851,976
March 31, 2020	22,936	3,932,286	1,776,066	5,108,352

Advanced Education Savings Plan

Schedule 2 – Reconciliation of educational assistance agreements

Year ended March 31, 2021 and 2020

Opening agreements	Inflow agreements	Outflow agreements	Closing agreements
\$	\$	\$	\$

The following is a summary of Educational Assistance Payment contracts

2021	766	—	169	597
2020	718	106	58	766

The following reconciles Schedule 1 to the statements of financial position

	2021 \$	2020 \$
Total principal, government grants and accumulated income (Schedule 1)	5,851,976	5,108,352
Represented in the statements of financial position by		
Subscriber contributions	4,114,043	3,690,809
Accumulated government grants	1,240,927	1,138,385
Income earned on Subscriber contributions and government grants, net transferred	519,776	315,501
	5,874,746	5,144,695
Less: Government grants receivable	22,770	36,343
	5,851,976	5,108,352